

HORIZON CABLE TV, INC.
NOTES TO FINANCIAL STATEMENT - CONT'D
SEPTEMBER 30, 1993
SEE ACCOUNTANT'S COMPILATION REPORT

NOTE D MARKETABLE SECURITIES

MARKETABLE SECURITIES ARE STATED AT COST. AS OF
SEPTEMBER 30, 1993:

AGGREGATE COST	\$ 84,685
GROSS UNREALIZED GAIN	<u>2,197</u>
MARKET VALUE	\$ 86,882



ROBERTS, EXBERGER & LUMBERT ACCOUNTANCY CORPORATION

11/05/93

HORIZON CABLE TV, INC.
FAIRFAX, CALIFORNIA

WE HAVE COMPILED THE ACCOMPANYING BALANCE SHEET OF HORIZON CABLE TV, INC., AT AUGUST 31, 1993, AND THE RELATED STATEMENTS OF INCOME AND CASH FLOWS FOR THE MONTH THEN ENDED, IN ACCORDANCE WITH STANDARDS ESTABLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS.

A COMPILATION IS LIMITED TO PRESENTING IN THE FORM OF FINANCIAL STATEMENTS INFORMATION THAT IS THE REPRESENTATION OF MANAGEMENT. WE HAVE NOT AUDITED OR REVIEWED THE ACCOMPANYING FINANCIAL STATEMENTS AND, ACCORDINGLY, DO NOT EXPRESS AN OPINION OR ANY OTHER FORM OF ASSURANCE ON THEM.

Roberts, Exberger + Lumbert

HORIZON CABLE TV, INC.
BALANCE SHEET
SEE ACCOUNTANT'S
COMPILATION REPORT

AS OF AUGUST 31, 1993

ASSETS

CURRENT ASSETS

PETTY CASH	\$	40.00
CASH IN BANK - WELLS FARGO		101.18
CASH - SHEARSON LEHMAN		2,135.46
CASH IN BANK-SILICON VALLEY BK		401.71
CASH IN BANK-SILICON VALLEY BK		289.18
MARKETABLE SECURITIES - NOTE D		88,004.87
PURCHASED INTEREST		99.23
ACCOUNTS RECEIVABLE		21,544.89
PREPAID TAXES		17,734.96
PREPAID RENT		804.85
PREPAID EXPENSES		3,770.25

TOTAL CURRENT ASSETS			\$	134,926.58
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FIXED ASSETS - NOTE A

CATV - HAMILTON FIELD	\$	536,887.26
CATV - LUCAS VALLEY		19,403.46
CATV - DILLION BEACH		8,105.55
CATV - POINT MOLATE		25,752.72
CATV - WEST MARIN		1,793,026.86
OPERATING EQUIPMENT		13,326.07
OFFICE EQUIPMENT		21,577.30
VEHICLES		37,523.73
ACCUMULATED DEPRECIATION		(478,970.00)

TOTAL FIXED ASSETS			\$	1,976,632.95
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OTHER ASSETS

DEPOSITS	\$	251.90
LOAN FEES - NOTE A		24,464.46

TOTAL OTHER ASSETS			\$	24,716.36
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TOTAL ASSETS			\$	2,136,275.89
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ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.
BALANCE SHEET
SEE ACCOUNTANT'S
COMPILATION REPORT

AS OF AUGUST 31, 1993

LIABILITIES AND EQUITY

CURRENT LIABILITIES

ACCOUNTS PAYABLE	\$	14,200.00
NOTES PAYABLE - SCHEDULE 1		1,059,485.39
FEDERAL P/R TAXES PAYABLE		2,327.26
STATE P/R TAXES PAYABLE		286.74
ACCRUED INT-SILICON VALLEY BK		5,357.68
ACCRUED INT - VIDEO ENG.		5,970.74
ACCRUED INT - KEN DANIEL		106,193.61
ACCRUED PAYROLL		3,113.08
CONVERTER DEPOSITS		9,963.44

TOTAL CURRENT LIABILITIES	\$	1,206,897.94
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LONG TERM LIABILITIES

NOTES PAYABLE - SCHEDULE 1	\$	1,026,893.79

TOTAL LONG TERM LIABILITIES	\$	1,026,893.79
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TOTAL LIABILITES	\$	2,233,791.73
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STOCKHOLDERS EQUITY

COMMON STOCK - NOTE A	\$	120,000.00
RETAINED EARNINGS (DEFICITS)		(204,869.79)
NET INCOME (LOSS)		(12,646.05)

TOTAL EQUITY	\$	(97,515.84)
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TOTAL LIABILITIES AND EQUITY	\$	2,136,275.89
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ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.
INCOME STATEMENT
SEE ACCOUNTANT'S
COMPILATION REPORT

FOR THE MONTH ENDED AUGUST 31, 1993

	YEAR-TO-DATE AMOUNT	Y-T-D RATIO
INCOME		
CATV INCOME - SCHEDULE 2	\$ 60,037.39	99.31
INTEREST INCOME	396.37	.66
DIVIDEND INCOME	18.25	.03
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TOTAL INCOME	\$ 60,452.01	100.00
OPERATING EXP - SCHED 3	\$ 38,272.80	63.31
	-----	-----
OPERATING INCOME (LOSS)	\$ 22,179.21	36.69
 MANAGEMENT FEES	 \$ 4,235.00	 7.01
INTEREST	15,413.82	25.50
AMORTIZATION OF LOAN FEES	929.44	1.54
DEPRECIATION	14,247.00	23.57
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NET INCOME (LOSS)	\$ (12,646.05)	(20.93)
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ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.
STATEMENT OF CASH FLOWS
SEE ACCOUNTANT'S
COMPILATION REPORT

FOR THE MONTH ENDED AUGUST 31, 1993

RECONCILIATION OF NET INCOME TO OPERATING CASH:	
NET INCOME (LOSS)	\$ (12,646.05)
ADJUSTMENTS TO RECONCILE NET INCOME TO NET OPERATING CASH	
DEPRECIATION AND AMORTIZATION	\$ 15,176.44
CHANGE IN ASSETS & LIABILITIES	
DECREASE IN ACCOUNTS RECEIVABLE	\$ 495.75
INCREASE IN PREPAID TAXES	(17,734.96)
DECREASE IN PREPAID RENT	114.38
DECREASE IN PREPAID EXPENSES	52.50
INCREASE IN ACCOUNTS PAYABLE	2,300.00
DECREASE IN ACCRUED INT-SILICON VALLEY BK	(432.14)
DECREASE IN ACCRUED INT - VIDEO ENG.	(1,773.88)
INCREASE IN ACCRUED INT - KEN DANIEL	5,029.91
INCREASE IN ACCRUED PAYROLL	898.08
INCREASE IN CONVERTER DEPOSITS	87.09
DECREASE IN OTHER LIABILITIES	(428.76)

TOTAL ADJUSTMENTS	\$ 3,784.41

NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (8,861.64)
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ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.
STATEMENT OF CASH FLOWS
SEE ACCOUNTANT'S
COMPILATION REPORT

FOR THE MONTH ENDED AUGUST 31, 1993

CASH FLOWS FROM OPERATING ACTIVITIES	
CASH RECEIVED FROM CUSTOMERS	\$ 59,515.07
CASH PAID TO SUPPLIERS AND EMPLOYEES	(56,201.40)
INTEREST RECEIVED	396.37
DIVIDEND INCOME	18.25
INTEREST PAID	(12,589.93)

NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (8,861.64)
CASH FLOWS FROM INVESTING ACTIVITIES	
CAPITAL EXPENDITURES	\$ (3,197.44)
MARKETABLE SECURITIES	(1,986.82)

NET CASH USED IN INVESTING ACTIVITIES	\$ (5,184.26)
CASH FLOWS FROM FINANCING ACTIVITIES:	
PRINCIPAL PAYMENTS	\$ (8,941.56)

NET CASH PROVIDED BY FINANCING ACTIVITIES	\$ (8,941.56)

NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ (22,987.46)
CASH/CASH EQUIVALENTS BEGINNING OF PERIOD	\$ 25,954.99

CASH EQUIVALENTS END OF PERIOD	\$ 2,967.53
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ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.
SCHEDULE 1
NOTES PAYABLE
AUGUST 31, 1993
SEE ACCOUNTANT'S COMPILATION REPORT

LENDER	SHORT TERM	LONG TERM	TOTAL
1. SILICON VALLEY BANK	\$ 12,337.47	\$ 152,162.53	\$ 164,500.00
2. VIDEO ENGIN. INC.	0	41,503.00	41,503.00
3. KEN DANIEL	0	640,249.99	640,249.99
4. JIM LEE	25,000.00	0	25,000.00
5. SILICON VALLEY BANK	1,012,833.34	0	1,012,833.34
6. GMAC	4,414.59	1,878.26	6,292.85
7. SILICON VALLEY BANK	<u>4,899.99</u>	<u>191,100.01</u>	<u>196,000.00</u>
	<u>\$ 1,059,485.39</u>	<u>\$ 1,026,893.79</u>	<u>\$ 2,086,379.18</u>

	DUE DATE	INTEREST RATE	PAYABLE	COLLATERAL
1.	11/21/94	P + 3.00%	INT ONLY	SHAREHOLDER'S REAL ESTATE
2.	DEMAND	9.25%	INT SEMI-ANNUALLY	UNSECURED
3.		9.25%	*	UNSECURED
4.	6/3/94	10%	INT ONLY \$ 208.33 P/MO.	UNSECURED
5.	6/10/94	P + 2.25%	\$ 8,583.33 PRIN/MO + INT	SHAREHOLDER'S REAL ESTATE
6.	AMORTIZED	4.9%	\$ 385.39 P/MO.	CHEVY TRUCK
7.	5/1/95	P + 3%	INT ONLY	SHAREHOLDER'S REAL ESTATE

*PAYMENTS ON THIS OBLIGATION HAVE BEEN SUSPENDED INDEFINITELY.

AS OF AUGUST 31, 1993 PRINCIPAL PAYMENTS ARE DUE AS FOLLOWS:

YEAR ENDED JULY 31,	AMOUNT
1994	\$ 1,059,485.39
1995	345,140.80
1996	0
1997	0
THEREAFTER	<u>681,752.99</u>
	<u>\$ 2,086,379.18</u>

ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.
SUPPORTING SCHEDULE 2
SEE ACCOUNTANT'S
COMPILATION REPORT

FOR THE MONTH ENDED AUGUST 31, 1993

	YEAR-TO-DATE AMOUNT	Y-T-D RATIO
INCOME		
HA - INCOME	\$ 22,074.01	36.51
LV - INCOME	8,258.96	13.66
RW - INCOME	150.00	.25
PM - INCOME	559.51	.93
PR - INCOME	20,114.18	33.27
SB - INCOME	8,880.73	14.69
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TOTAL INCOME	\$ 60,037.39	99.31

ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.
SUPPORTING SCHEDULE 3
SEE ACCOUNTANT'S
COMPILATION REPORT

FOR THE MONTH ENDED AUGUST 31, 1993

	YEAR-TO-DATE AMOUNT	Y-T-D RATIO
OPERATING EXP - SCHED 3		
ACCOUNTING	\$ 250.00	.41
BAD DEBTS	1,105.16	1.83
BASIC PROGRAMMING	10,490.83	17.35
BANK CHARGES	10.00	.02
CONTRIBUTIONS	30.00	.05
COPYRIGHT FEES	96.77	.16
DUES AND SUBSCRIPTIONS	1,075.08	1.78
EQUIPMENT RENTAL	698.43	1.16
FRANCHISE APPLICATION FEES	2,595.85	4.29
GASOLINE AND OIL	609.17	1.01
INSURANCE	1,049.69	1.74
INSURANCE - W/C	518.81	.86
LICENSES AND PERMITS	46.88	.08
MATERIALS	279.84	.46
MEDICAL INSURANCE	803.92	1.33
OFFICE EXPENSE	1,318.29	2.18
PAY PROGRAMMING	5,859.86	9.69
PAYROLL TAXES	994.46	1.65
POSSESSORY INTEREST TAX	947.78	1.57
POSTAGE	153.74	.25
PERSONAL PROPERTY TAX	2,599.22	4.30
RENT	520.88	.86
REPAIRS & MAINTENANCE	235.27	.39
SALARIES - OFFICE	1,672.00	2.77
SALARIES - OTHER	1,415.08	2.34
STATEMENT EXPENSE	551.11	.91
SUPPLIES	375.02	.62
TELEPHONE	952.50	1.58
TRAINING	99.00	.16
TRAVEL	(316.88)	(.52)
TRUCK EXPENSE	600.42	.99
UTILITIES	534.43	.88
MISCELLANEOUS	100.19	.17
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TOTAL OPERATING EXPENSES	\$ 38,272.80	63.32

ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.
NOTES TO FINANCIAL STATEMENT
AUGUST 31, 1993
SEE ACCOUNTANT'S COMPILATION REPORT

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS

THE COMPANY CONSTRUCTS, OPERATES AND MAINTAINS CABLE TELEVISION SYSTEMS IN THE FAIRFAX AREA. THE CORPORATION GRANTS CREDIT TO CUSTOMERS, SUBSTANTIALLY ALL OF WHOM ARE LOCAL RESIDENTS.

FIXED ASSETS

FIXED ASSETS CONSIST OF CABLE TV SYSTEMS, TEST AND OPERATING EQUIPMENT, OFFICE EQUIPMENT AND VEHICLES. DEPRECIATION ON THESE ASSETS IS COMPUTED FOR FINANCIAL STATEMENT PURPOSES BY A COMBINATION OF BOTH STRAIGHT-LINE AND DECLINING BALANCE METHODS APPLIED TO INDIVIDUAL ASSETS. THE ESTIMATED LIVES ARE FROM FIVE TO FIFTEEN YEARS.

FOR FEDERAL INCOME TAX PURPOSES, THE MODIFIED ACCELERATED COST RECOVERY SYSTEM IS USED FOR ASSETS ACQUIRED AFTER 1986.

BAD DEBTS

NO PROVISION HAS BEEN MADE FOR ACCOUNTS RECEIVABLE THAT MAY BE UNCOLLECTIBLE. IT HAS BEEN THE POLICY OF MANAGEMENT TO WRITE OFF BAD DEBTS IMMEDIATELY UPON SUCH DETERMINATION.

COMMON STOCK

10,000 SHARES OF COMMON STOCK WERE AUTHORIZED AND 4,000 SHARES HAVE BEEN ISSUED AT \$ 30.00 PER SHARE.

INCOME TAXES

INCOME TAXES FOR HORIZON CABLE TV, INC. FOR THE YEAR ENDED JULY 31, 1993 WERE \$ 800.00 FOR CALIFORNIA AND \$ -0- FOR FEDERAL. THE COMPANY FILES A CONSOLIDATED TAX RETURN WITH ITS PARENT CORPORATION, VIDEO ENGINEERING, INC. HORIZON CABLE TV, INC. IS A WHOLLY-OWNED SUBSIDIARY OF VIDEO ENGINEERING, INC., A PRIVATELY-HELD CORPORATION.

THE DIFFERENCES BETWEEN PRE-TAX ACCOUNTING INCOME AND TAXABLE INCOME, SUCH AS THE USE OF ACCELERATED METHODS OF DEPRECIATION, ARE NOT DEEMED TO BE MATERIAL. THEREFORE, A DEFERRED TAX LIABILITY HAS NOT BEEN RECOGNIZED.

HORIZON CABLE TV, INC.
NOTES TO FINANCIAL STATEMENT - CONT'D
AUGUST 31, 1993
SEE ACCOUNTANT'S COMPILATION REPORT

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

STATEMENT OF CASH FLOWS

THE STATEMENT OF CASH FLOWS USES THE DIRECT METHOD. THE CORPORATION CONSIDERS ALL HIGHLY LIQUID DEBT INSTRUMENTS PURCHASED WITH A MATURITY OF THREE MONTHS OR LESS TO BE CASH EQUIVALENTS.

LOAN FEES

THERE ARE TWO LOAN FEES PAID ON SILICON VALLEY BANK NOTES. THE FIRST ONE, IN THE AMOUNT OF \$ 12,415.10 DATED NOVEMBER 21, 1991, IS BEING AMORTIZED OVER THE THREE YEAR LIFE OF THE LOAN. THE SECOND ONE, IN THE AMOUNT OF \$ 26,891.00 DATED JUNE 15, 1991, IS BEING AMORTIZED OVER THE FIVE YEAR LIFE OF THE LOAN.

NOTE B OPERATING LEASE

THE COMPANY IS LEASING A COMPUTER AND SOFTWARE FROM ADVANTA. THE LEASE IS FOR A FOUR YEAR TERM BEGINNING FEBRUARY, 1991 WITH A MONTHLY RENTAL OF \$ 251.90.

THE FOLLOWING IS A SCHEDULE BY YEARS OF MINIMUM LEASE PAYMENTS AS OF AUGUST 31, 1993.

YEAR ENDED JULY 31,	AMOUNT
1994	\$ 2,770.90
1995	<u>1,763.30</u>
	\$ 4,534.20

NOTE C RELATED PARTY TRANSACTIONS

RELATED PARTY TRANSACTIONS ARE INCLUDED ON THE SCHEDULE OF NOTES PAYABLE AND CONSIST OF THE FOLLOWING:

VIDEO ENGINEERING, INC.	\$ 41,503.00
KEN DANIEL	\$ 640,249.99

HORIZON CABLE TV, INC.
NOTES TO FINANCIAL STATEMENT - CONT'D
AUGUST 31, 1993
SEE ACCOUNTANT'S COMPILATION REPORT

NOTE D MARKETABLE SECURITIES

MARKETABLE SECURITIES ARE STATED AT COST. AS OF
AUGUST 31, 1993

AGGREGATE COST	\$ 88,005
GROSS UNREALIZED GAIN	<u>4,605</u>
MARKET VALUE	\$ 92,610



ROBERTS, EXBERGER & LUMBERT ACCOUNTANCY CORPORATION

9/20/93

HORIZON CABLE TV, INC.
FAIRFAX, CALIFORNIA

WE HAVE REVIEWED THE ACCOMPANYING BALANCE SHEET OF HORIZON CABLE TV, INC., AT JULY 31, 1993, AND THE RELATED STATEMENTS OF INCOME AND CASH FLOWS FOR THE YEAR THEN ENDED, IN ACCORDANCE WITH STANDARDS ESTABLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS. ALL INFORMATION INCLUDED IN THESE FINANCIAL STATEMENTS IS THE REPRESENTATION OF THE MANAGEMENT OF HORIZON CABLE TV, INC.

A REVIEW CONSISTS PRINCIPALLY OF INQUIRIES OF COMPANY PERSONNEL AND ANALYTICAL PROCEDURES APPLIED TO FINANCIAL DATA. IT IS SUBSTANTIALLY LESS IN SCOPE THAN AN EXAMINATION IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS, THE OBJECTIVE OF WHICH IS THE EXPRESSION OF AN OPINION REGARDING THE FINANCIAL STATEMENTS TAKEN AS A WHOLE. ACCORDINGLY, WE DO NOT EXPRESS SUCH AN OPINION.

BASED ON OUR REVIEW, WE ARE NOT AWARE OF ANY MATERIAL MODIFICATIONS THAT SHOULD BE MADE TO THE ACCOMPANYING FINANCIAL STATEMENTS IN ORDER FOR THEM TO BE IN CONFORMITY WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

THE SUPPLEMENTARY INFORMATION CONTAINED IN THE SUPPORTING SCHEDULE OF INCOME AND THE SCHEDULE OF NOTES PAYABLE IS PRESENTED FOR PURPOSES OF ADDITIONAL ANALYSIS AND HAS BEEN REVIEWED BY US FROM INFORMATION THAT IS THE REPRESENTATION OF MANAGEMENT OF HORIZON CABLE TV, INC., WITHOUT AUDIT. ACCORDINGLY, WE DO NOT EXPRESS AN OPINION OR ANY OTHER FORM OF ASSURANCE ON SUCH SUPPLEMENTARY INFORMATION.

Roberts, Exberger & Lumbert

HORIZON CABLE TV, INC.
BALANCE SHEET
SEE ACCOUNTANT'S
REVIEW REPORT

AS OF JULY 31, 1993

ASSETS

CURRENT ASSETS

PETTY CASH	\$	40.00
CASH IN BANK - WELLS FARGO		227.70
CASH - SHEARSON LEHMAN		3,731.90
CASH IN BANK-SILICON VALLEY BK		690.45
CASH IN BANK-SILICON VALLEY BK		21,264.94
MARKETABLE SECURITIES - NOTE D		86,018.05
PURCHASED INTEREST		99.23
ACCOUNTS RECEIVABLE		22,040.64
PREPAID RENT		919.23
PREPAID EXPENSES		3,822.75

TOTAL CURRENT ASSETS

\$ 138,854.89

FIXED ASSETS - NOTE A

CATV - HAMILTON FIELD	\$	536,473.82
CATV - LUCAS VALLEY		18,090.96
CATV - DILLION BEACH		7,528.05
CATV - POINT MOLATE		25,752.72
CATV - WEST MARIN		1,792,336.86
OPERATING EQUIPMENT		13,326.07
OFFICE EQUIPMENT		21,577.30
VEHICLES		37,319.73
ACCUMULATED DEPRECIATION		(464,723.00)

TOTAL FIXED ASSETS

\$ 1,987,682.51

OTHER ASSETS

DEPOSITS	\$	251.90
LOAN FEES - NOTE A		25,393.90

TOTAL OTHER ASSETS

\$ 25,645.80

TOTAL ASSETS

\$ 2,152,183.20

ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.
BALANCE SHEET
SEE ACCOUNTANT'S
REVIEW REPORT

AS OF JULY 31, 1993

LIABILITIES AND EQUITY

CURRENT LIABILITIES

ACCOUNTS PAYABLE	\$	11,900.00
NOTES PAYABLE - SCHEDULE 1		1,065,046.61
FEDERAL P/R TAXES PAYABLE		2,702.64
STATE P/R TAXES PAYABLE		340.12
ACCRUED INT-SILICON VALLEY BK		5,789.82
ACCRUED INT - VIDEO ENG.		7,744.62
ACCRUED INT - KEN DANIEL		101,163.70
ACCRUED PAYROLL		2,215.00
CONVERTER DEPOSITS		9,876.35

TOTAL CURRENT LIABILITIES		\$	1,206,778.86
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LONG TERM LIABILITIES

NOTES PAYABLE - SCHEDULE 1	\$	1,030,274.13
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TOTAL LONG TERM LIABILITIES		\$	1,030,274.13
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TOTAL LIABILITES		\$	2,237,052.99
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STOCKHOLDERS EQUITY

COMMON STOCK - NOTE A	\$	120,000.00
RETAINED EARNINGS (DEFICITS)		(9,233.15)
NET INCOME (LOSS)		(195,636.64)

TOTAL EQUITY		\$	(84,869.79)
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TOTAL LIABILITIES AND EQUITY		\$	2,152,183.20
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ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.
INCOME STATEMENT
SEE ACCOUNTANT'S
REVIEW REPORT

FOR THE MONTH ENDED JULY 31, 1993 AND THE YEAR ENDED JULY 31, 1993

	CURRENT-PERIOD AMOUNT	CUR-PD RATIO	YEAR-TO-DATE AMOUNT	Y-T-D RATIO
INCOME				
CATV INCOME - SCHEDULE 2	\$ 59,750.14	99.73	\$ 702,798.26	99.59
INTEREST INCOME	61.91	.10	2,432.43	.34
DIVIDEND INCOME	102.31	.17	495.05	.07
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TOTAL INCOME	\$ 59,914.36	100.00	\$ 705,725.74	100.00
OPERATING EXP - SCHED 3	\$ 44,529.31	74.32	\$ 473,071.08	67.03
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OPERATING INCOME (LOSS)	\$ 15,385.05	25.68	\$ 232,654.66	32.97
MANAGEMENT FEES	\$ 4,235.00	7.07	\$ 55,500.50	7.86
INTEREST	16,014.46	26.73	201,201.50	28.51
DEPRECIATION	19,098.00	31.88	170,699.00	24.19
GAIN/LOSS FROM SALE OF ASSETS	.00	.00	90.30	.01
CALIFORNIA FRANCHISE TAX	800.00	1.34	800.00	.11
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NET INCOME (LOSS)	\$ (24,762.41)	(41.34)	\$ (195,636.64)	(27.71)
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ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.
STATEMENT OF CASH FLOWS
SEE ACCOUNTANT'S
REVIEW REPORT

FOR THE MONTH ENDED JULY 31, 1993 AND THE YEAR ENDED JULY 31, 1993

	CURRENT PERIOD	YEAR-TO-DATE
RECONCILIATION OF NET INCOME TO OPERATING CASH:		
NET INCOME (LOSS)	\$ (24,762.41)	\$ (195,636.64)
ADJUSTMENTS TO RECONCILE NET INCOME TO NET OPERATING CASH		
DEPRECIATION AND AMORTIZATION	\$ 26,457.86	\$ 181,981.45
CHANGE IN ASSETS & LIABILITIES		
INCR/INCR IN PURCHASED INTEREST	\$.00	\$ (99.23)
DECR/DECR IN ACCOUNTS RECEIVABLE	1,400.36	583.72
DECR/INCR IN EMPLOYEE ADVANCES	100.00	.00
DECR/INCR IN STATE FRANCHISE TAX	800.00	.00
DECR/INCR IN PREPAID RENT	520.88	(340.48)
DECR/INCR IN PREPAID EXPENSES	793.70	(3,307.41)
INCR/INCR IN ACCOUNTS PAYABLE	.00	1,280.00
INCR/INCR IN ACCRUED INT-SILICON VALLEY BK	657.74	685.41
INCR/DECR IN ACCRUED INT - VIDEO ENG.	326.07	(3,119.85)
INCR/INCR IN ACCRUED INT - KEN DANIEL	5,029.76	58,879.75
INCR/DECR IN ACCRUED PAYROLL	488.72	(612.00)
INCR/INCR IN CONVERTER DEPOSITS	45.86	1,051.18
DECR/DECR IN OTHER LIABILITIES	(2,026.90)	(2,140.55)
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TOTAL ADJUSTMENTS	\$ 34,594.05	\$ 234,841.99
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NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 9,831.64	\$ 39,205.35
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ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.
STATEMENT OF CASH FLOWS
SEE ACCOUNTANT'S
REVIEW REPORT

FOR THE MONTH ENDED JULY 31, 1993 AND THE YEAR ENDED JULY 31, 1993

	CURRENT PERIOD	YEAR-TO-DATE
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH RECEIVED FROM CUSTOMERS	\$ 61,700.50	\$ 699,730.35
CASH PAID TO SUPPLIERS AND EMPLOYEES	(42,034.19)	(517,935.80)
INTEREST RECEIVED	61.91	2,650.62
DIVIDEND INCOME	102.31	314.37
INTEREST PAID	(9,998.89)	(144,754.19)
INCOME TAXES PAID	.00	(800.00)
	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 9,831.64	\$ 39,205.35
CASH FLOWS FROM INVESTING ACTIVITIES		
CAPITAL EXPENDITURES	\$ (4,009.04)	\$ (96,828.12)
MARKETABLE SECURITIES	.00	(86,018.05)
	-----	-----
NET CASH USED IN INVESTING ACTIVITIES	\$ (4,009.04)	\$ (182,846.17)
CASH FLOWS FROM FINANCING ACTIVITIES:		
PRINCIPAL PAYMENTS	\$ (8,940.10)	\$ (13,329.88)
	-----	-----
NET CASH PROVIDED BY FINANCING ACTIVITIES	\$ (8,940.10)	\$ (13,329.88)
	-----	-----
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ (3,117.50)	\$ (156,970.70)
CASH/CASH EQUIVALENTS BEGINNING OF PERIOD	\$ 29,072.49	\$ 182,925.69
	-----	-----
CASH EQUIVALENTS END OF PERIOD	\$ 25,954.99	\$ 25,954.99
	=====	=====

ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.
SCHEDULE 1
NOTES PAYABLE
JULY 31, 1993
SEE ACCOUNTANT'S REVIEW REPORT

LENDER	SHORT TERM	LONG TERM	TOTAL
1. SILICON VALLEY BANK	\$ 10,966.64	\$ 153,533.36	\$ 164,500.00
2. VIDEO ENGIN. INC.	0	41,503.00	41,503.00
3. KEN DANIEL	0	640,249.99	640,249.99
4. JIM LEE	25,000.00	0	25,000.00
5. SILICON VALLEY BANK	1,021,416.67	0	1,021,416.67
6. GMAC	4,396.64	2,254.44	6,651.08
7. SILICON VALLEY BANK	<u>3,266.66</u>	<u>192,733.34</u>	<u>196,000.00</u>
	<u>\$ 1,065,046.61</u>	<u>\$ 1,030,274.13</u>	<u>\$ 2,095,320.74</u>

	DUE DATE	INTEREST RATE	PAYABLE	COLLATERAL
1.	11/21/94	P + 3.00%	INT ONLY	SHAREHOLDER'S REAL ESTATE
2.	DEMAND	9.25%	INT SEMI-ANNUALLY	UNSECURED
3.		9.25%	*	UNSECURED
4.	6/3/94	10%	INT ONLY \$ 208.33 P/MO.	UNSECURED
5.	6/10/94	P + 2.25%	\$ 8,583.33 PRIN/MO + INT	SHAREHOLDER'S REAL ESTATE
6.	AMORTIZED	4.9%	\$ 385.39 P/MO.	CHEVY TRUCK
7.	5/1/95	P + 3%	INT ONLY	SHAREHOLDER'S REAL ESTATE

*PAYMENTS ON THIS OBLIGATION HAVE BEEN SUSPENDED INDEFINITELY.

AS OF JULY 31, 1993 PRINCIPAL PAYMENTS ARE DUE AS FOLLOWS:

YEAR ENDED JULY 31,	AMOUNT
1994	\$ 1,065,046.61
1995	348,521.14
1996	0
1997	0
THEREAFTER	<u>681,752.99</u>
	<u>\$ 2,095,320.74</u>

ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.
SUPPORTING SCHEDULE 2
SEE ACCOUNTANT'S
REVIEW REPORT

FOR THE MONTH ENDED JULY 31, 1993 AND THE YEAR ENDED JULY 31, 1993

	CURRENT-PERIOD AMOUNT	CUR-PD RATIO	YEAR-TO-DATE AMOUNT	Y-T-D RATIO
INCOME				
HA - INCOME	\$ 21,283.76	35.52	\$ 257,557.24	36.50
LV - INCOME	8,713.72	14.54	94,703.57	13.42
RW - INCOME	150.00	.25	1,800.00	.26
WM - INCOME	.00	.00	176.76	.03
PM - INCOME	434.00	.72	6,552.28	.93
PR - INCOME	20,460.02	34.15	242,212.76	34.32
SB - INCOME	8,708.64	14.54	99,795.65	14.14
	-----	-----	-----	-----
TOTAL INCOME	\$ 59,750.14	99.72	\$ 702,798.26	99.60

ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.
SUPPORTING SCHEDULE 3
SEE ACCOUNTANT'S
REVIEW REPORT

FOR THE MONTH ENDED JULY 31, 1993 AND THE YEAR ENDED JULY 31, 1993

	CURRENT-PERIOD AMOUNT	CUR-PD RATIO	YEAR-TO-DATE AMOUNT	Y-T-D RATIO
OPERATING EXP - SCHED 3				
ACCOUNTING	\$ 650.00	1.08	\$ 6,625.00	.94
ADVERTISING	.00	.00	277.02	.04
AMORTIZATION OF LOAN FEES	7,359.86	12.28	11,153.32	1.58
AMORT OF ORGANIZATION EXPENSE	.00	.00	129.13	.02
BAD DEBTS	.00	.00	9,963.16	1.41
BASIC PROGRAMMING	6,861.37	11.45	77,946.62	11.04
BANK CHARGES	823.99	1.38	2,636.64	.37
CONTRIBUTIONS	.00	.00	630.00	.09
COPYRIGHT FEES	96.77	.16	193.54	.03
DUES AND SUBSCRIPTIONS	383.75	.64	3,866.81	.55
EMPLOYEE BENEFITS	.00	.00	276.32	.04
FOOD & ENTERTAINMENT	37.93	.06	1,158.11	.16
EQUIPMENT RENTAL	746.28	1.25	995.29	.14
FRANCHISE APPLICATION FEES	96.21	.16	9,054.95	1.28
GASOLINE AND OIL	674.41	1.13	8,599.09	1.22
INSURANCE	1,030.67	1.72	10,081.23	1.43
INSURANCE - W/C	909.87	1.52	8,473.21	1.20
LEGAL	1,500.00	2.50	2,004.00	.28
LICENSES AND PERMITS	180.88	.30	2,742.66	.39
MATERIALS	1,891.88	3.16	9,680.44	1.37
MEDICAL INSURANCE	995.46	1.66	13,403.46	1.90
OFFICE EQUIPMENT LEASE	.00	.00	8,373.02	1.19
OFFICE EXPENSE	1,728.90	2.89	12,686.77	1.80
PAY PROGRAMMING	6,871.88	11.47	84,042.21	11.91
PAYROLL TAXES	496.99	.83	14,166.61	2.01
POSSESSORY INTEREST TAX	.00	.00	5,553.47	.79
POSTAGE	217.85	.36	6,100.83	.86
PERSONAL PROPERTY TAX	.00	.00	20,977.33	2.97
POLE ATTACHMENTS	.00	.00	4,275.49	.61
RENT	520.88	.87	7,951.81	1.13
REPAIRS & MAINTENANCE	1,290.44	2.15	8,220.36	1.16
SALARIES - OFFICE	1,665.50	2.78	27,021.50	3.83
SALARIES - OTHER	2,886.47	4.82	39,359.51	5.58
SYSTEMS ENGINEERING	.00	.00	5,943.15	.84
STATEMENT EXPENSE	900.13	1.50	9,553.99	1.35
SMALL TOOLS	48.99	.08	860.29	.12
SUPPLIES	376.66	.63	5,112.35	.72
TAXES - OTHER	.00	.00	1,344.95	.19
TELEPHONE	610.37	1.02	10,086.63	1.43
TRAINING	.00	.00	2,179.00	.31
TRAVEL	130.65	.22	3,010.48	.43
TRUCK EXPENSE	1,673.36	2.79	4,662.00	.66
UTILITIES	823.20	1.37	10,141.07	1.44
MISCELLANEOUS	47.71	.08	1,558.26	.22
<hr/>				
TOTAL OPERATING EXPENSES	\$ 44,529.31	74.31	\$ 473,071.08	67.03

ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.
NOTES TO FINANCIAL STATEMENT
JULY 31, 1993
SEE ACCOUNTANT'S REVIEW REPORT

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS

THE COMPANY CONSTRUCTS, OPERATES AND MAINTAINS CABLE TELEVISION SYSTEMS IN THE FAIRFAX AREA. THE CORPORATION GRANTS CREDIT TO CUSTOMERS, SUBSTANTIALLY ALL OF WHOM ARE LOCAL RESIDENTS.

FIXED ASSETS

FIXED ASSETS CONSIST OF CABLE TV SYSTEMS, TEST AND OPERATING EQUIPMENT, OFFICE EQUIPMENT AND VEHICLES. DEPRECIATION ON THESE ASSETS IS COMPUTED FOR FINANCIAL STATEMENT PURPOSES BY A COMBINATION OF BOTH STRAIGHT-LINE AND DECLINING BALANCE METHODS APPLIED TO INDIVIDUAL ASSETS. THE ESTIMATED LIVES ARE FROM FIVE TO FIFTEEN YEARS.

FOR FEDERAL INCOME TAX PURPOSES, THE MODIFIED ACCELERATED COST RECOVERY SYSTEM IS USED FOR ASSETS ACQUIRED AFTER 1986.

BAD DEBTS

NO PROVISION HAS BEEN MADE FOR ACCOUNTS RECEIVABLE THAT MAY BE UNCOLLECTIBLE. IT HAS BEEN THE POLICY OF MANAGEMENT TO WRITE OFF BAD DEBTS IMMEDIATELY UPON SUCH DETERMINATION.

COMMON STOCK

10,000 SHARES OF COMMON STOCK WERE AUTHORIZED AND 4,000 SHARES HAVE BEEN ISSUED AT \$ 30.00 PER SHARE.

INCOME TAXES

INCOME TAXES FOR HORIZON CABLE TV, INC. FOR THE YEAR ENDED JULY 31, 1993 WERE \$ 800.00 FOR CALIFORNIA AND \$ -0- FOR FEDERAL. THE COMPANY FILES A CONSOLIDATED TAX RETURN WITH ITS PARENT CORPORATION, VIDEO ENGINEERING, INC. HORIZON CABLE TV, INC. IS A WHOLLY-OWNED SUBSIDIARY OF VIDEO ENGINEERING, INC., A PRIVATELY-HELD CORPORATION.

THE DIFFERENCES BETWEEN PRE-TAX ACCOUNTING INCOME AND TAXABLE INCOME, SUCH AS THE USE OF ACCELERATED METHODS OF DEPRECIATION, ARE NOT DEEMED TO BE MATERIAL. THEREFORE, A DEFERRED TAX LIABILITY HAS NOT BEEN RECOGNIZED.

HORIZON CABLE TV, INC.
NOTES TO FINANCIAL STATEMENT - CONT'D
JULY 31, 1993
SEE ACCOUNTANT'S REVIEW REPORT

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

STATEMENT OF CASH FLOWS

THE STATEMENT OF CASH FLOWS USES THE DIRECT METHOD.
THE CORPORATION CONSIDERS ALL HIGHLY LIQUID DEBT
INSTRUMENTS PURCHASED WITH A MATURITY OF THREE MONTHS
OR LESS TO BE CASH EQUIVALENTS.

LOAN FEES

THERE ARE TWO LOAN FEES PAID ON SILICON VALLEY BANK
NOTES. THE FIRST ONE, IN THE AMOUNT OF \$ 12,415.10
DATED NOVEMBER 21, 1991, IS BEING AMORTIZED OVER THE
THREE YEAR LIFE OF THE LOAN. THE SECOND ONE, IN THE
AMOUNT OF \$ 26,891.00 DATED JUNE 15, 1991, IS BEING
AMORTIZED OVER THE FIVE YEAR LIFE OF THE LOAN.

NOTE B OPERATING LEASE

THE COMPANY IS LEASING A COMPUTER AND SOFTWARE FROM
ADVANTA. THE LEASE IS FOR A FOUR YEAR TERM BEGINNING
FEBRUARY, 1991 WITH A MONTHLY RENTAL OF \$ 251.90.

THE FOLLOWING IS A SCHEDULE BY YEARS OF MINIMUM LEASE
PAYMENTS AS OF JULY 31, 1993.

YEAR ENDED JULY 31,	AMOUNT
1994	\$ 3,022.80
1995	<u>1,763.30</u>
	\$ 4,786.10

NOTE C RELATED PARTY TRANSACTIONS

RELATED PARTY TRANSACTIONS ARE INCLUDED ON THE SCHEDULE
OF NOTES PAYABLE AND CONSIST OF THE FOLLOWING:

VIDEO ENGINEERING, INC.	\$ 41,503.00
KEN DANIEL	\$ 640,249.99

HORIZON CABLE TV, INC.
NOTES TO FINANCIAL STATEMENT - CONT'D
JULY 31, 1993
SEE ACCOUNTANT'S REVIEW REPORT

NOTE D MARKETABLE SECURITIES

MARKETABLE SECURITIES ARE STATED AT COST. AS OF
JULY 31, 1993:

AGGREGATE COST	\$ 86,018
GROSS UNREALIZED GAIN	<u>1,749</u>
MARKET VALUE	\$ 87,767